

**PUBLIC CHAPTER NO. 243****HOUSE BILL NO. 743****By Representative Curtiss****Substituted for: Senate Bill No. 738****By Senator Southerland**

AN ACT to amend Tennessee Code Annotated, Title 7; Title 65 and Title 68, Chapter 221, relative to the provision and preservation of adequate water.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 7-82-401, is amended by adding the following new subsections:

(h) Utility districts operating public water systems shall include in their annual audit the utility district's annual average unaccounted for water loss percentage in the manner prescribed by the comptroller of the treasury. Within sixty (60) days from the time that a utility district's audit is filed with the comptroller of the treasury, the comptroller of the treasury shall file with the utility management review board the audit report of any utility district operating a water system whose unaccounted for water loss is excessive as established by rules promulgated by the utility management review board. For the purposes of this subsection, "utility district" includes agencies, authorities or instrumentalities of government created by public or private act having the authority to administer a water or wastewater facility, other than those agencies, authorities or instrumentalities of government electing pursuant to § 68-221-1006(a) or § 68-221-1008(a) to come under the jurisdiction of the water and wastewater financing board.

(i) By February 1 of each year, the comptroller of the treasury shall provide a written report to the chair of the house conservation and environment committee and the senate environment, conservation and tourism committee listing the average annual unaccounted for water loss contained in the annual audit for those utility districts described in subsection (h).

SECTION 2. Tennessee Code Annotated, Section 7-82-702, is amended by adding the following language as a new subsection (16):

(16) Establish, adopt and promulgate in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, rules to define excessive unaccounted for water losses for utility districts.

SECTION 3. Tennessee Code Annotated, Section 7-82-709, is amended by designating the existing language as subsection (a) and adding the following language as a new subsection (b):

(b) The utility management review board shall have the authority to investigate public water systems of utility districts whose unaccounted for water loss as reported in the utility district's annual audit is excessive as established by rules determined by the board. In the event a utility district fails to take the appropriate actions required by the board to reduce unaccounted for water loss to an acceptable level, the utility management review board may petition the chancery court in a jurisdiction in which the utility district is operating to require the utility district to take such actions.

SECTION 4. Tennessee Code Annotated, Section 7-82-307(b)(3)(A)(i), is amended as follows:

(1) In subdivision (a) by deleting the semi-colon after the word "board" and adding the language ", which shall include failing to comply with an order concerning excessive unaccounted for water losses;", and

(2) In subdivision (b) by deleting the period at the end of the subdivision and by adding the language ", including taking appropriate actions pursuant to § 7-82-709(b) to reduce unaccounted for water loss to an acceptable level as determined by the board.".

SECTION 5. Tennessee Code Annotated, Section 68-221-1009(a), is amended by adding the following language as a new subdivision (7):

(7) Establish, adopt and promulgate in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, rules to define excessive unaccounted for water losses for public water systems.

SECTION 6. Tennessee Code Annotated, Section 68-221-1009(a), is amended by adding the following language as a new subdivision (8):

(8) In the case of public water systems, to investigate public water systems whose unaccounted for water loss as reported in the public water system's audit is excessive as established by rules promulgated by the board and to require such public water systems to take appropriate actions to reduce such unaccounted for water loss to an acceptable level as determined by the board.

SECTION 7. Tennessee Code Annotated, Section 68-221-1010 is amended by adding the following language as a new subsection (d):

(d)

(1) Within sixty (60) days from the time that an audit of a water system is filed with the comptroller of the treasury, the comptroller of the treasury shall file with the board the audit report of any water

system whose unaccounted for water loss as reported in the audit is excessive as established by rules promulgated by the board.

(2) In the event a water system fails to take the appropriate actions required by the board to reduce such water loss to an acceptable level pursuant to § 68-221-1009(a)(7), the board may petition the chancery court in a jurisdiction in which the water system is operating to require the water system to take such actions.

SECTION 8. Tennessee Code Annotated, Section 68-221-1012, is amended by designating the existing language as subsection (a) and adding the following language as a new subsection (b):

(b) Public water systems shall include in their annual audit the public water system's annual average unaccounted for water loss percentage in the manner prescribed by the comptroller of the treasury.

SECTION 9. For purposes of promulgating rules and regulations, this act shall take effect upon becoming a law, the public welfare requiring it. For all other purposes this act shall take effect July 1, 2007, the public welfare requiring it.

**PASSED: May 9, 2007**

  
JIMMY NAIFEH, SPEAKER  
HOUSE OF REPRESENTATIVES

  
RON RAMSEY  
SPEAKER OF THE SENATE

**APPROVED this 24th day of May 2007**

  
PHIL BREDESEN, GOVERNOR